

September 15, 2010

**DELIVERED VIA U.S. MAIL**

Douglas Schur  
Vice President, Chief Regulatory Counsel  
Health Net of California, Inc.  
21650 Oxnard Street, Suite 1560  
Woodland Hills, CA 91367

**RE: Enforcement Matter Number 10-457**

2010 SEP 27 PM 1:07  
MANAGED HEALTH CARE  
FACILITY  
FACILITY

**LETTER OF AGREEMENT**

Dear Mr. Schur:

The Office of Enforcement of the Department of Managed Health Care (the Department) has concluded its investigation of Health Net of California, Inc. (Health Net or the Plan), concerning the above-referenced matter. This investigation concerned Health Net's failure to comply with Health and Safety Code section 1368, subdivision (a)(4)(A), and corresponding subdivision (d)(1) of section 1300.68 of title 28 of the California Code of Regulations, by failing to acknowledge an enrollee's grievance within five (5) calendar days of receipt of the grievance. This violation subjected the Plan to an administrative penalty in the amount of \$5,000.00. The relevant facts are fully set forth below.

The Plan received the enrollee's two-part grievance appealing Health Net's denial of Proton Beam Therapy and raising a quality of care complaint on June 2, 2010. In response, the Plan opted to process the two grievance issues separately by treating the Proton Beam Therapy request as an expedited grievance and the quality of care complaint as a standard, thirty (30) day grievance. Health Net timely responded to the Proton Beam Therapy grievance within the 72 hours allotted. Unfortunately, the Plan failed to send a grievance acknowledgement letter regarding the quality of care complaint until June 10, 2010, eight (8) days after its receipt by the plan.

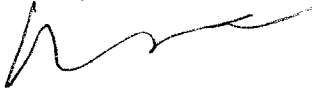
Both Health and Safety Code section 1368, subdivision (a)(4)(A), and corresponding subdivision (d)(1) of section 1300.68 of title 28 of the California Code of Regulations require plans to issue a written acknowledgment to the enrollee within five (5) calendar days of receipt of a grievance. Here, Health Net received the enrollee's two-part grievance on June 2, 2010.

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The Plan elected to handle the quality of care portion of the complaint as a non-expedited grievance, but it did not issue written acknowledgment of receipt until eight (8) days later, on June 10, 2010, thereby violating the above statute and regulation. Consequently, Health Net was assessed an administrative penalty of \$5,000.00 for its actions in this matter.

Health Net has acknowledged its failure to comply with the Knox-Keene Act in this matter and has agreed to pay said penalty. The Department agrees that execution of this Letter of Agreement and payment of the assessed penalty will settle this enforcement matter.

Sincerely,



Michael D. McClelland  
Assistant Deputy Director  
Office of Enforcement

MRR:mrr

**ACCEPTED BY HEALTH NET OF CALIFORNIA, INC.**

Dated: 9-23-10



DOUGLAS SCHUR  
Vice President, Chief Regulatory Counsel  
Health Net of California, Inc.

2010 SEP 27 11:10:03

11/11/10 10:11 AM  
OFFICE OF THE ATTORNEY GENERAL  
RECEIVED